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(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to require certain entities to develop internal risk control mechanisms to safeguard and govern the storage of market data.

IN THE HOUSE OF REPRESENTATIVES

Mr. DAVIDSON introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Securities Exchange Act of 1934 to require certain entities to develop internal risk control mechanisms to safeguard and govern the storage of market data.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Market Data Protection Act of 2017''.

SEC. 2. INTERNAL RISK CONTROLS.

The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended—

(1) by inserting after section 4E the following:

"SEC. 4F. INTERNAL RISK CONTROLS.

"(a) IN GENERAL.—Each of the following entities, in consultation with the Chief Economist, shall develop comprehensive internal risk control mechanisms to safeguard and govern the storage of all market data by such entity, all market data sharing agreements of such entity, and all academic research performed at such entity using market data:

"(1) The Commission.

"(2) Each national securities association registered pursuant to section 15A.

"(3) The operator of the consolidated audit trail created by a national market system plan approved pursuant to section 242.613 of title 17, Code of Federal Regulations (or any successor regulation).

"(b) CONSOLIDATED AUDIT TRAIL PROHIBITED FROM ACCEPTING MARKET DATA UNTIL MECHANISMS DEVELOPED.—The operator described in paragraph (3) of subsection (a) may not accept market data (or shall cease accepting market data) until the operator has developed the mechanisms required by such subsection. Any requirement for a person to provide market data to the operator

shall not apply during any time when the operator is prohibited by this subsection from accepting such data.

''(c) TREATMENT OF PREVIOUSLY DEVELOPED MECHANISMS.—The development of comprehensive internal risk control mechanisms required by subsection (a) may occur, in whole or in part, before the date of the enactment of this section, if such development and such mechanisms meet the requirements of such subsection (including consultation with the Chief Economist).''; and

(2) in section 3(a)—

(A) by redesignating the second paragraph (80) (relating to funding portals) as paragraph (81); and

(B) by adding at the end the following:

''(82) CHIEF ECONOMIST.—The term 'Chief Economist' means the Director of the Division of Economic and Risk Analysis, or an employee of the Commission with comparable authority, as determined by the Commission.''.